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| 2017 | e | d | i | t | i | o | n |  |
| PAYROLL | | | | | | | | |
| accounting | | | | | | | | |
| Bieg/Toland | | | |  | | | | |

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|  | | TEST 2 | | | | | | | |  | |
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| Student | | **INSTRUCTOR’S COPY** | | | | | | | | |  |
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| Chapter 2 | | |  | Date | |  | | |  | | |
|  | | |  |  | |  | | |  | | |
| SCORING RECORD | | | | | | | | | |  | |
|  | | | | | | | | | |  | |
| Section | Total Points | | | | Deductions | | Score |  | | | |
| A | 40 | | | |  | |  |  | | | |
| B | 60 | | | |  | |  |  | | | |
| Total | 100 | | | |  | |  |  | | | |

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| **Section A**—DIRECTIONS: Each of the following statements is either true or false. Unless directed otherwise by your instructor, indicate your choice in the Answers column by writing “T” for a true answer or “F” for a false answer. (2 points for each correct answer) | | | | | | | | | | | | | | | | |
|  |  |  | | | | | For  Answers Scoring | | | | | | | | |
| 1. |  | An enterprise is covered under the FLSA if there are at least two employees engaged in | | | | | |  |  | |  |  | |  | | |
|  |  | interstate commerce and if the enterprise has a gross annual sales volume of at least $100,000. | | | | | |  | F | |  | 1. | |  | | |
| 2. |  | Under the FLSA, “mom and pop stores” are excluded from enterprise coverage. | | | | | |  | T | |  | 2. | |  | | |
| 3. |  | If a small amount of tips is turned over to the employer, the tip credit can still be applied | | | | | |  |  | |  |  | |  | | |
|  |  | against the minimum wage. | | | | | |  | F | |  | 3. | |  | | |
| 4. |  | Employers must pay employees for working overtime hours even if the overtime was not | | | | | |  |  | |  |  | |  | | |
|  |  | authorized or approved. | | | | | |  | T | |  | 4. | |  | | |
| 5. |  | Employees who regularly work less than 20 hours a week are not covered by the minimum | | | | | |  |  | |  |  | |  | | |
|  |  | wage requirements. | | | | | |  | F | |  | 5. | |  | | |
| 6. |  | A full-time student may be employed by a retail shop at 85 percent of the minimum wage. | | | | | |  | T | |  | 6. | |  | | |
| 7. |  | An employer may only credit up to half of a tipped employee’s minimum wage as | | | | | |  |  | |  |  | |  | | |
|  |  | coming from the tips actually received. | | | | | |  | F | |  | 7. | |  | | |
| 8. |  | There are some states that have a higher minimum wage rate than the federal minimum. | | | | | |  | T | |  | 8. | |  | | |
| 9. |  | The FLSA provides for the payment of “double time” for any hours worked on holidays. | | | | | |  | F | |  | 9. | |  | | |
| 10. |  | Wage differentials between sexes would be allowed if the different wage rates were | | | | | |  |  | |  |  | |  | | |
|  |  | based on a seniority system. | | | | | |  | T | |  | 10. | |  | | |
| 11. |  | Blue-collar workers do not have to be paid for overtime if they have earned more than | | | | | |  |  | |  |  | |  | | |
|  |  | $90,000 for the year. | | | | | |  | F | |  | 11. | |  | | |
| 12. |  | The FLSA requires employees to be paid for a rest period of 30 minutes or less. | | | | | |  | F | |  | 12. | |  | | |
| 13. |  | Employers are not required to pay an employee for hours not worked because of illness. | | | | | |  | T | |  | 13. | |  | | |
| 14. |  | Time spent in training sessions is never counted as working time. | | | | | |  | F | |  | 14. | |  | | |
| 15. |  | Violators of the minimum wage provisions of the FLSA must reimburse the offended employ- | | | | | |  |  | |  |  | |  | | |
|  |  | ees at the rate of $15.00 per hour for the hours paid at the hourly rate below the minimum. | | | | | |  | F | |  | 15. | |  | | |
| 16. |  | A worker who is regularly paid on a biweekly basis should receive 24 paychecks each year. | | | | | |  | F | |  | 16. | |  | | |
| 17. |  | In order to qualify for the “white-collar” exemption as outside salespeople, the employees | | | | | |  |  | |  |  | |  | | |
|  |  | must be paid a minimum salary of at least $913/week. | | | | | |  | F | |  | 17. | |  | | |
| 18. |  | Commissions are considered to be payments for hours worked and must be included in | | | | | |  |  | |  |  | |  | | |
|  |  | determining the regular hourly rate. | | | | | |  | T | |  | 18. | |  | | |
| 19. |  | In calculating the overtime premium pay, the overtime hours are multiplied by one-half the | | | | | |  |  | |  |  | |  | | |
|  |  | regular hourly rate. | | | | | |  | T | |  | 19. | |  | | |
| 20. |  | A nondiscretionary bonus is one that is either known in advance or is set up as an inducement | | | | | |  |  | |  |  | |  | | |
|  |  | to achieve certain goals. | | | | | |  | T | |  | 20. | |  | | |
| **Section B**—DIRECTIONS: Solve the following problems and record the answers in the Answers column. Carry each hourly rate and each overtime rate to 3 decimal places and then round off to 2 decimal places. (6 points for each correct answer) | | | | | | | | | | | | | | | | |
|  |  | |  |  |  | Answers | | | |  | | | For  Scoring | | | | |
| 1. |  | | Diane Duke works a standard 40-hour workweek. She is paid time and one-half for all |  |  |  | | | |  | | |  | |  | | |
|  |  | | hours over 40 in each workweek. Her regular hourly wage rate is $10.90. One week, |  |  |  | | | |  | | |  | |  | | |
|  |  | | Duke worked 49 hours. Her total gross earnings for the week are [(40 × $10.90) +  (9 × $10.90 × 1.5)] |  | $ | 583.15 | | | |  | | | 1. | |  | | |
| 2. |  | | Charles Rollins earns $2,400 each month and works 35 hours each week. |  |  |  | | | |  | | |  | |  | | |
|  |  | | (a) His hourly rate is [($2,400 × 12) ÷ 52 ÷ 35] |  | $ | 15.82 | | | |  | | | 2a. | |  | | |
|  |  | |  |  |  | (3 pts.) | | | |  | | |  | |  | | |
|  |  | | (b) His overtime rate is ($15.82 × 1.5) |  | $ | 23.73 | | | |  | | | 2b. | |  | | |
|  |  | |  |  |  | (3 pts.) | | | |  | | |  | |  | | |
| 3. |  | | Ken Gorman is paid $405.00 for a 37½-hour workweek. Overtime is paid at time and |  |  |  | | | |  | | |  | |  | | |
|  |  | | one-half for hours beyond 40 in each workweek. One week, Gorman works 48 hours. |  |  |  | | | |  | | |  | |  | | |
|  |  | | If he is paid his regular hourly rate for the first 40 hours, Gorman’s gross pay is  $405 ÷ 37½ = $10.80/hour; [$405 + (2.5 × $10.80) + (8 × $16.20)] |  | $ | 561.60 | | | |  | | | 3. | |  | | |
| 4. |  | | Susan Tate receives an hourly wage of $11.25 for a 40-hour week of 5 days, 8 hours |  |  |  | | | |  | | |  | |  | | |
|  |  | | daily. For Saturday work, she is paid 1½ times the regular rate. For Sunday work, she is |  |  |  | | | |  | | |  | |  | | |
|  |  | | paid 2 times the regular rate. One week, she worked 50 hours—4 hours of which were |  |  |  | | | |  | | |  | |  | | |
|  |  | | on Saturday and 6 hours on Sunday. Her total earnings for the week are [(40 × $11.25)  + (4 × $16.88) + (6 × $22.50)] |  | $ | 652.52 | | | |  | | | 4. | |  | | |
| 5. |  | | Ronald Dowd receives an annual base salary of $47,500 as a salesman in the Southern |  |  |  | | | |  | | |  | |  | | |
|  |  | | region, which has an annual sales quota of $450,000. For all sales over this quota, |  |  |  | | | |  | | |  | |  | | |
|  |  | | Dowd receives a commission of 4½ percent. For the current year, sales in the Southern |  |  |  | | | |  | | |  | |  | | |
|  |  | | region total $698,000. The amount of salary and commissions due to Dowd is  [$47,500 + ($248,000 × 0.045)] |  | $ | 58,660 | | | |  | | | 5. | |  | | |
| 6. |  | | Charles Geiger is a salaried employee who works fluctuating workweeks. He is paid |  |  |  | | | |  | | |  | |  | | |
|  |  | | $760 per workweek. This week, he worked 50 hours. Determine Geiger’s total |  |  |  | | | |  | | |  | |  | | |
|  |  | | gross pay if his employer uses the special half-rate (based on total hours worked) for |  |  |  | | | |  | | |  | |  | | |
|  |  | | overtime pay ($760 ÷ 50 = $15.20 × 0.5 = $7.60 × 10 = $76.00 + $760) |  | $ | 836.00 | | | |  | | | 6. | |  | | |
| 7. |  | | Ron Morris earns $11.80 per hour and worked 44 hours this week. In addition, he earned |  |  |  | | | |  | | |  | |  | | |
|  |  | | a production bonus of $35.20 for the week. His gross pay for the week is (44 × $11.80  = $519.20 + $35.20 = $554.40 ÷ 44 = $12.60 × 0.5 = $6.30 × 4 = $25.20 + $554.40) |  | $ | 579.60 | | | |  | | | 7. | |  | | |
| 8. |  | | Bob Knox is paid on a piece-rate basis. He is paid 30 cents for each unit he produces. For |  |  |  | | | |  | | |  | |  | | |
|  |  | | overtime work, he receives in addition to his piece-rate earnings a sum equal to one-half |  |  |  | | | |  | | |  | |  | | |
|  |  | | the regular hourly pay multiplied by the hours worked in excess of 40 in a week. During |  |  |  | | | |  | | |  | |  | | |
|  |  | | a particular week, Knox worked 45 hours and produced 1,890 units. His total earnings |  |  |  | | | |  | | |  | |  | | |
|  |  | | for the week are (1,890 × $0.30 = $567.00 ÷ 45 = $12.60 × 0.5 = $6.30 × 5 = $31.50  + $567.00) |  | $ | 598.50 | | | |  | | | 8. | |  | | |
| 9. |  | | Carson Morris worked two separate jobs for Horwath Company during the week. Job A |  |  |  | | | |  | | |  | |  | | |
|  |  | | consisted of 36 hours at $16.00 per hour; Job B entailed 14 hours at $17.50 per hour. |  |  |  | | | |  | | |  | |  | | |
|  |  | | Determine his gross pay for that week if the employer uses the average rate basis for the |  |  |  | | | |  | | |  | |  | | |
|  |  | | overtime pay [(36 × $16.00) + (14 × $17.50) = $821 ÷ 50 = $16.42 × 0.5 = $8.21 × 10 |  |  |  | | | |  | | |  | |  | | |
|  |  | | = $82.10 + $821.00] |  | $ | 903.10 | | | |  | | | 9. | |  | | |
| 10. |  | | Cecil Green is a waiter who regularly receives $90 each week in tips and works 40 hours |  |  |  | | | |  | | |  | |  | | |
|  |  | | each week. Green’s employer claims the maximum weekly tip credit that is allowed in |  |  |  | | | |  | | |  | |  | | |
|  |  | | this case. The gross weekly pay, excluding tips, that the restaurant should pay Green |  |  |  | | | |  | | |  | |  | | |
|  |  | | without violating the FLSA is (40 × $7.25 = $290.00 – $90.00) |  | $ | 200.00 | | | |  | | | 10. | |  | | |